



# construction

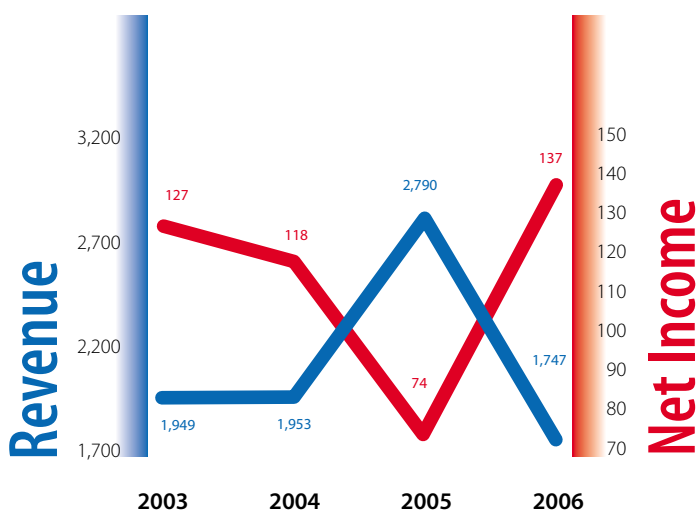


**D.M. CONSUNJI INC.**  
ENGINEERS CONTRACTORS

Our core competencies in general construction and engineering has once again been proven with notable projects awarded during the year and remarkable year-end financial results.

During the year, D. M. Consunji, Inc. (DMCI) posted an upsurge in net income of 85% and gained revenues from existing projects such as the KAMANAVA Area Flood Control & Drainage, Subic-Tarlac Express Deck Fabrication, Robinson’s One Adriatico Tower, Magsaysay Bridge Deck Fabrication in Mindanao, and Paragon Corporate Center in Alabang.

In the last quarter of the year, two projects were awarded to DMCI which are: the Shangri-la Resort and Spa Boracay and Robinson’s Cybergate Tower 3 with contract amount of ₱1.2 billion and ₱265 million respectively. These projects are expected to complete on May and February 2008 respectively.



DMCI has also demonstrated its expertise and competencies in other construction related activities through its Special Business Units: Equipment Management Business Unit (EMD), the Ready Mix Concrete Business Unit (RMC), and the Formwork Management Business Unit (FMBU).

DMCI recorded an orderbook ₱2.541 billion as of year-end 2006 including six projects awarded during the year amounting to ₱1.753 billion. The Company has also successfully tapped the foreign market by providing technical and management services on concrete pre-casting and monorail station construction to a Japanese company for Dubai Palm Jumairah Monorail System. In addition, DMCI has been providing construction services to a US-based company in Diego Garcia. DMCI continues to explore expanding its presence in the UAE market.

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DMCI is currently gearing up its organization to be able to serve the engineering and construction requirements of the Group's investments into the water utility and power business.

The challenges of the diversified market and the country's economic position are shaping the grounds of growth and profitability as DMCI will continue to live with its values and ethics. Our experienced people coupled with the management support will be the key elements to work in synchronize with the challenges ahead.

DMCI is working on deck fabrication of Subic-Tarlac Expressway Package 2 which costs ₱254 million. It is expected to complete on September 2007.





paragon corporate center

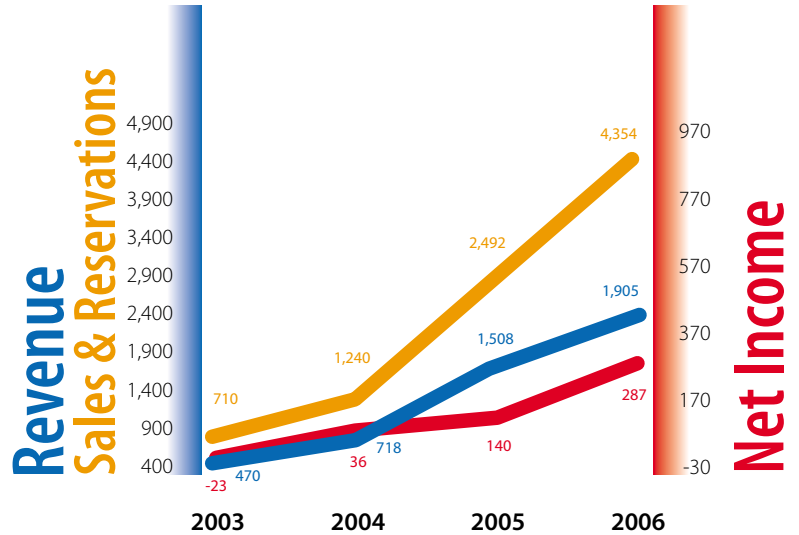


“The entry of the Company into the water utility and power businesses will also prove helpful to our construction business as it will require engineering and water system for the improvement of water services, and our general construction and maintenance management expertise in power plant construction.”





**real estate**



More than 50 years have passed since David M. Consunji first set forth to establish a company that would gain repute for excellence in the construction industry. This institution has paved the way for another company to make its own mark for the Filipino people, by providing quality and affordable homes for the young, middle income family: DMCI Homes.

DMCI Homes has gone far with its 21 existing and ongoing housing development projects strategically located all over Metro Manila, South Luzon, and Boracay, offering approximately 12,000 homes to mid-income families.

Our mission is to be the leading choice among homebuyers who want family-oriented developments that offer uncompromised value, along with real affordable comforts. The company's impressive list of projects targets the underserved market of middle income earners who seek to realize their dream: to own a home they can truly call their own. It is our desire to create clients' satisfaction and lasting value for them, and provide a rewarding work environment for our employees.

We seek to invest and produce lifestyle-related housing projects that showcase its in-city modern living, resort living, medium density structure, themed development, and worry-free living with property management. We partner with responsive customer-centered management and sales teams to focus primarily on the buying power of the average and mid-income Filipino families here and abroad. Our international sales accounted 20% of our total sales for the year and we see Overseas Filipino Workers (OFWs) as a growing market to cater to and offer our ongoing and forthcoming projects in 2007.

During the year, we have started five new projects namely: Tivoli Garden Residences (Mandaluyong), Cypress Towers (Taguig), Rosewood Pointe (Taguig), Riverfront Residences (Pasig), and





Alta Vista Boracay (Boracay). DMCI Homes does not only aim to liquefy its land bank but it has entered into joint ventures with Crown Equities, Inc. for the development of Cypress Towers, and with Equitable PCI Bank for the development of Riverfront Residences located in Pasig.

Being one of our fast growing subsidiaries, DMCI Homes is targeting to sell 3,422 units valued at approximately Php 7.5 billion for 2007. Its exceptional performance during the year resulted to Php 287 million net income and Php 1.905 billion of revenues.

From a virtually young company started seven years ago, DMCI Homes is now ready to embark on a more ambitious direction, as the only triple A builder / developer catering to the underserved market with quality homes in fully serviced, centrally located communities. Last December, the company has focused its efforts to seriously enhancing its brand as the “hero of the underserved” and accepting the challenge to connect with its target market.

DMCI Homes is also in the business of understanding our customers, knowing what exactly they want to know, what is important to them, and what suits their needs. We are empowering today’s buyers with the knowledge that there is a variety of exciting living options from which they can choose from. Any DMCI Homes purchase refers to the smart choice made by informed buyers, who are influenced by aspirations to search for the right home. For these reasons, we are shaping our company around our employees and their relationships with our clients. Their personal understanding of our customers’ needs leads to the kind of effective solutions for which our employees actively deliver consistent service.





**TIVOLI GARDEN**  
RESIDENCES



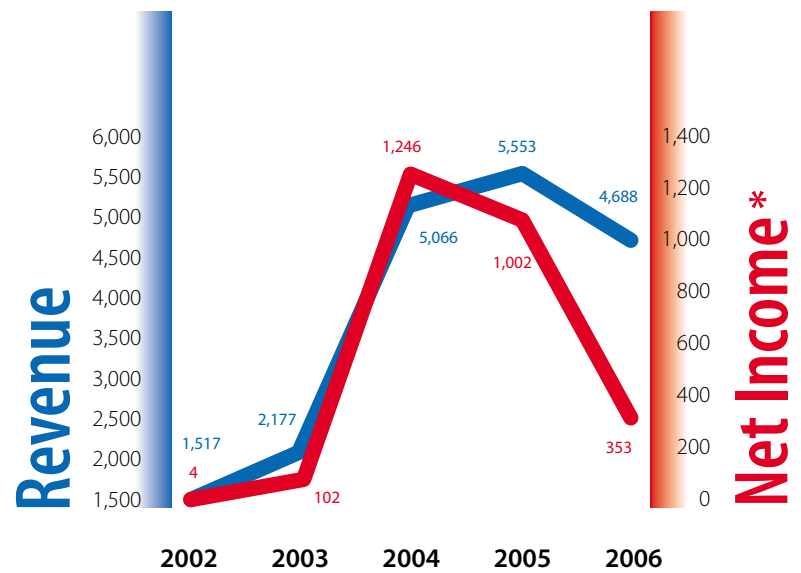
**ROSEWOOD**  
POINTE



# coal mining



**SEMIRARA MINING CORPORATION**



\*NET OF MINORITY

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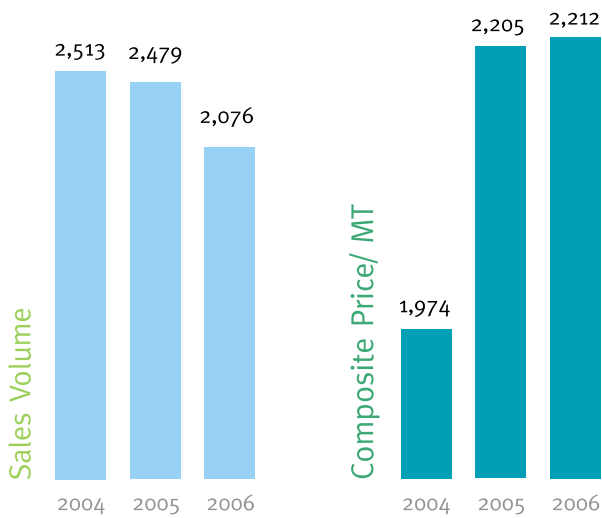
Semirara Mining Corporation (Semirara) sees greater challenges ahead despite the lower profitable level in the year 2006. Being the prime coal producer in the country today, with an estimated of 150 million metric tons of coal reserve, Semirara has expanded its market to cement companies and industrial users of coal. Sales to industrial market increased by 56% to 49 thousand MTs in the current period from 31 thousand MTs in the previous year. Market diversification of Semirara has been a success with the significant increase in demand of coal for non-traditional customers.

Despite the decline in its overall results, Semirara enjoys its competitiveness which showcases its long-term growth, stability, and profitability. Semirara sees a stronger place to expand its coal delivery to international market as it made a trial shipment of coal to South China in February 2007 with 28,835 metric tons. This was followed by the delivery of 22,711 metric tons of coal to India last May. Consequently, after the successful trial shipments to China and India, more coal supply contracts have been signed between different export buyers, including major international traders in the coal industry.

Semirara, represented by its stock symbol “SCC” does not only stand for its being a publicly-listed mining company in the country, but it pertains to its dedication to provide investment

## Sales Volume and Composite Price

COAL MINING



returns, quality products and services, and social responsibility to its Shareholders, Customers, and Community.

### Shareholders

The long-term success that Semirara envisioned is to build shareholder value. Cash dividends have an important role in providing our shareholders with a solid return on their investments. On March 6, 2006 the Board of Directors of Semirara approved and declared cash dividend of ₱1.20 per common share of ₱333.09 to stockholders of record as of March 27, 2006. This was paid on April 20, 2006. This was followed by payment of another cash dividend of the same amount on April 30, 2007 to stockholders of record as of April 12, 2007.

### Customers

Semirara is dedicated to providing its customers the best quality and good price of coal. Its expansion and modernization programs were successfully executed that resulted to the increase in material movement capacity of up to 4.5 million metric tons run-on-mine coal per year, and the total waste stripped up to 43%. Expansion of the coal washing plant has improved the quality of coal. Notably, the drying facilities were installed during the year to cater to the cement industry, which is a growing market segment of Semirara. With the two

panianminesite



unongmine



successful coal deliveries to emerging markets in Southeast Asian countries, Semirara has realigned its business strategies to improve and expand operations to provide competitive edge in the offshore market. Semirara gives high value to its relationship with its customers.

**Community**

Semirara, beyond its mining business, has been dedicated to serve and protect the community where it operates. Semirara island has been benefiting from the various corporate social responsibility (CSR) projects of Semirara. Implementing CSR projects are not just part of the Corporate Governance policies of Semirara but as a social obligation and ethical responsibility which the company provides to one of its important stakeholders —the people of Semirara Island.

Semirara aims to fulfill the Five Es of its CSR programs— Education, Employment, Economics, Environment, and

Electrification. Since 2000, Semirara has been actively providing livelihood projects and free education benefiting more than 500 families from the three barangays of the island—Semirara, Alegria, and Tinogboc.

Electrification project has served 946 households as of December 2006 or 69% of the total households in the island.

Semirara has provided employment in which 80% accounts to mining jobs. Semirara also offers employment opportunities to the locals of Panay and other regions in the country.

In contribution to the national wealth, Semirara has paid a total of ₱884 million to the local and national government for the period of 22 years since it took over Semirara Coal Corporation in 1988. This includes the 16 years of mining operations in Unong mine with ₱286 million contributions, and 6 years operations in Panian mine with ₱598 million.



# power & water



## OUR NEW BUSINESSES



Our strategic acquisitions have placed your Company to a strong position towards business growth and focused expansion. We have entered into new joint ventures in water and power industries. Our decision to focus our efforts on the management of outside capital through joint ventures and new acquisitions was well timed. We believe that this strategy will create a much more valuable enterprise as we expect favorable contributions from our new businesses.

### Water

Your Company is confident that its acquisition of a water utility company will pave the way to succeeding growth. We have established a 50-50 joint venture with Metro Pacific Investments Corporation (MPIC) which is the DMCI-MPIC Water Company (DMCI-MPIC), that won the bid to acquire 84% stake on Maynilad and last January 24, 2007, a formal turnover was held in Malacanang Palace.

Maynilad holds a 25-year exclusive concession, granted by Metropolitan Water Sewerage System (MWSS) on behalf of the Philippine Government, to provide water and sewerage services in the west zone of Metro Manila. Maynilad covers 9 cities and 3 municipalities in Metro Manila, and one city and 5 municipalities in the province of Cavite. Maynilad currently supplies 2,100 million liters per day (mld) to about 6 million people in the west zone area.

We are optimistic that Maynilad will provide us solid returns given its huge and growing market. Maynilad's capital expenditure over the life of the concession is ₱40 billion and we estimate construction works to DMCI of roughly 25% of ₱10 billion. In 2006, Maynilad posted a net income of ₱1 billion and registered revenues of ₱7.585 billion. We are confident that it will be one of the major players in your Company's long-term success in the years ahead.

Further, the consortium is planning to improve Maynilad's non-revenue water (NRW) performance. Given the current NRW of 68%, we target to bring this down to 55% in 2007.

### Power

Recently, we established DMCI Power Corporation to venture into the power sector, which will provide energy mainly to off-grids, mining and industrial users. DMCI Power will concentrate on developing and operating coal fired power plants fuelled by Semirara coal. During the last quarter of the year, we prepared for the bid for Masbate Power Generation, one of the National Power Corporation's (NPC) off-grid, small power utilities group (SPUG). We also applied for the Environmental Compliance Certificate (ECC) for the coal-fired power plant in Concepcion, Iloilo and we are expecting its release in 2007.

The privatization of Small Power Utilities Group (SPUG) Areas was mandated by Department of Energy (DOE) Circular No. 2004-01-001 issued on January 26, 2004. The circular called for the periodic assessment of the requirements and prospects of bringing power generation and associated power delivery systems to commercial viability on an area-by-area basis, including a program to encourage private sector participation in the SPUG areas.